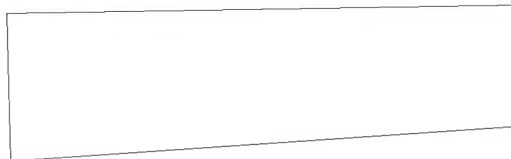




**Director of
Central
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National Intelligence Daily (Cable)

13 May 1982

State Dept. review
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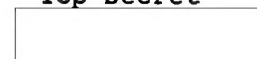
Special Analysis

NATO - Warsaw Pact: *Prospects Bleak for MBFR Talks* 11

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UK-ARGENTINA: Some Diplomatic Progress

(Information as of 2300 EDT)

//On the diplomatic front, the two sides narrowed their differences at the UN, but there were signs that both parties were approaching the limits of their negotiating flexibility. Sporadic military activity continued.

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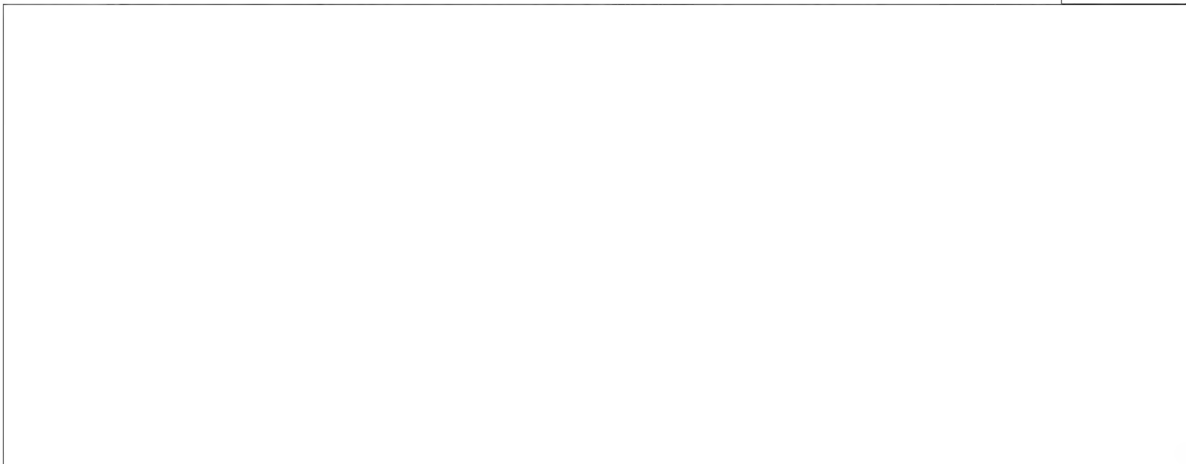
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Military Activity

The British Ministry of Defense reported that two Argentine A-4 Skyhawk jets were shot down yesterday while attacking a British ship. A British Sea King helicopter was ditched in the sea in another operation.

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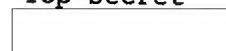
Domestic Developments in Argentina

Some influential Argentines have made clear to the Embassy their concern that bilateral relations could be irreparably damaged if the US does not become visibly associated with current peace efforts at a time when the UK is taking the military offensive. Argentina's Ambassador to the US told OAS Ambassador Middendorf on Tuesday that the US should resume a neutral position before final negotiations in the UN to pave the way for a future US accommodation with Buenos Aires.

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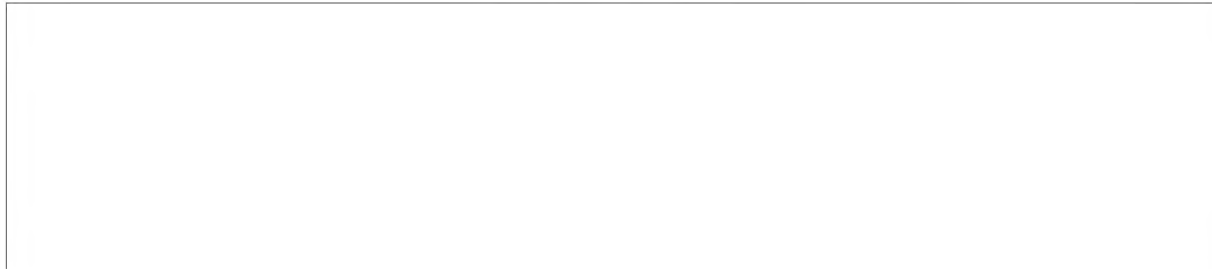


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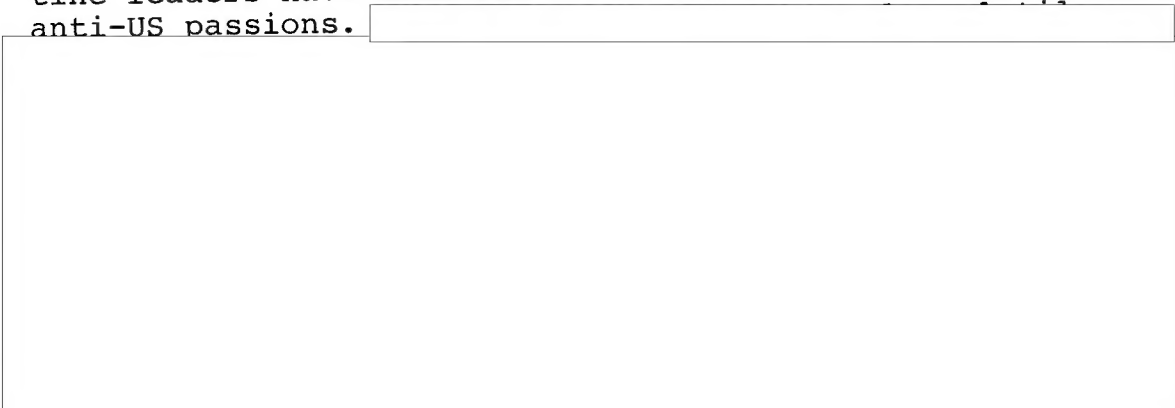
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Comment: Although angry at the US position, Argentine leaders have thus far been careful to avoid arousing anti-US passions.

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WESTERN EUROPE [] Reactions to President's Speech

//Most NATO Allies [] believe President Reagan's START proposals signal a reopening of serious arms reduction talks with the USSR.// []

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//West Europeans generally have welcomed the proposals, which they primarily attribute to Allied and domestic US calls to reopen a dialogue with the Soviets. West German officials praised the opening of the START talks and called on Moscow to respond positively. In London, Defense Ministry officials have indicated their support.// []

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//Many press commentators noted what they believed to be an abandonment of linking negotiations with Moscow to cooperative Soviet international behavior. There was some media speculation that CSCE and the Conference on European Disarmament also would resume in the wake of the initiative and that the beginning of START would have a positive effect on INF and MBFR negotiations. Moscow is now seen to be on the defensive, and there have been numerous calls for a positive Soviet response.//

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//Critics of the speech argued that, by emphasizing cuts in land-based ICBMs and by not mentioning bombers or cruise missiles, the President was asking the Soviets to make the biggest concessions. They doubted whether an agreement was possible under such conditions.// []

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POLAND: Dispute Over Academic Freedom

Warsaw University's efforts to defend its autonomy may lead to a showdown with the regime. []

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The faculty senate earlier this week rejected government attempts to control the appointment of key university administrators. The senate has refused to cooperate with the rector, who recently was appointed by the government, or to abide by any Ministry of Education directives that he tries to carry out. This rejection follows similar action by the faculty at the main university in Gdansk.

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Faculty members are trying to defend university autonomy until a new higher education bill recently passed by parliament and scheduled to be implemented in September gives universities more authority to run their own affairs. The government nonetheless has threatened several times to close all or part of Warsaw University if the senate refuses to be more cooperative. []

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Comment: The regime probably hoped that the new education law would foster cooperation. The school's faculty, however, apparently doubts that the bill will be implemented and is trying to avoid compromises that it may later regret. The faculty's actions could, therefore, prompt the regime to make good on its threats to close the school or to fire recalcitrant faculty members.

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Faculty firings probably would cause student protests in Warsaw and perhaps elsewhere. Closing the university might galvanize much of the country's academic community into a confrontation with the regime over the principle of academic freedom. []

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THE NETHERLANDS: Government Falls

//The fall of the government yesterday probably will force new elections.// [redacted]

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//The collapse of Prime Minister van Agt's three-party coalition was precipitated by the resignation of Ministers of the Labor Party, who left the cabinet to protest additional budget cuts proposed by their Christian Democratic and Democrat 1966 partners.// [redacted]

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Comment: //Labor withdrawal from the eight-month-old government has been likely for some time. The party differed with its governing partners on a number of issues and suffered divisions in its own ranks over whether to continue supporting economic austerity programs.// [redacted]

//Van Agt apparently can carry on a minority government with his Christian Democrats and the D'66, hoping for support from the opposition Liberals on key issues. He is more likely, however, to call for new elections.// [redacted]

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//Recent provincial elections and opinion surveys have indicated a continued loss of support for the Labor Party and gains for the Christian Democrats, D'66, and especially the Liberals. If elections take place, van Agt would hope to regain a center-right parliamentary majority with the Liberals, and perhaps overcome D'66 reluctance to join this combination.// [redacted]

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//A government without the Labor Party--the most vocal foes of INF--would give a psychological lift to supporters of deployment but would not bring about a decision any time soon. Even a Christian Democratic - Liberal majority large enough to override Christian Democratic dissidents would be unlikely to address the issue pending clearer results from arms control talks.// [redacted]

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//In any new center-right government, the D'66 position on INF will probably be decisive in winning eventual parliamentary approval. A majority of the D'66 rank and file oppose deployment.// [redacted]

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WESTERN EUROPE - TURKEY: Human Rights Issue

//Legal experts representing the Netherlands, Denmark, France, Sweden, and Norway probably will move tomorrow to bring formal human rights charges against Turkey before the European Human Rights Commission.// []

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//Relations between Turkey and many West European states have eroded further in recent months following Ankara's acknowledgment of prisoner deaths after torture, the rearrest in April of former Prime Minister Ecevit, and the trial of labor union leaders.// []

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//The apparent decision to proceed with charges follows unsuccessful West European efforts to satisfy domestic political criticism of Turkey while avoiding direct confrontation with the government. In March, Ankara rejected a French-Norwegian-Swedish plan to establish committees in the Council of Europe to monitor Turkish progress on democracy and human rights.// []

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//Ministers of the Council then tried late last month to convince Turkey to accept a binding declaration regarding the restoration of democracy. After the Turks refused, Norway--which had been particularly reluctant to press a case against a NATO ally--agreed to support a complaint before the Human Rights Commission.// []

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Comment: //Ankara's patience with West European investigation of human rights violations is wearing thin, especially because prospects for a large-scale OECD aid package this year are bleak. Nevertheless, the government is likely to agree to participate in human rights hearings rather than force a complete break with the Council.// []

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//A ruling by the Human Rights Commission against Turkey probably would lead to a decision to expel it from the Council. Turkey would almost certainly withdraw to preempt such a move. The Commission deliberations, however, would be likely to last at least a year, by which time Turkish progress toward restoring democracy could forestall a negative finding.// []

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EGYPT: Crackdown on Islamic Extremists

Egyptian authorities recently have taken additional steps to suppress the extremist Muslim organizations implicated in President Sadat's assassination. Indictments have been brought against 302 fundamentalists accused of fomenting unrest last year, and the government is asking for the death penalty in 299 of the cases. Court proceedings, however, are moving slowly.

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SAUDI ARABIA: Concern About Possible Shia Unrest

King Khalid, Prince Abdullah, the Second Deputy Premier and Commander of the National Guard, and Defense Minister Sultan visited Eastern Province from 27 April to 3 May. The King stopped in Al Qatif, the scene of violent demonstrations by members of the Shia Muslim minority in 1979 and 1980, where he met with local Shia leaders and accepted petitions for increased government assistance. Khalid's trip comes only four months after a similar visit by Crown Prince Fahd. [redacted]

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Comment: The timing of the visit probably reflects official concern that recent Iranian military gains may stimulate new outbursts by Shias, who long have been embittered by government neglect. The lack of major unrest in Al Qatif since 1980 is due more to increased government security than to the modest expansion of aid from Riyadh. Although the King's visit will strengthen the government's image in Al Qatif temporarily, lasting gains will depend on the actual provision of government assistance. [redacted]

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SOUTH KOREA: Financial Scandal

//A major financial scandal involving a relative of President Chun's wife and a former high-level security official has paralyzed the country's informal credit market, has caused serious financial problems in at least six major firms, and has resulted thus far in the dismissal of the presidents of two major banks. Chun, amid hints by the media that the ruling party may be involved, has promised a thorough investigation. Preliminary findings have not implicated other officials or relatives of the President.// [redacted]

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Comment: //The financial disruption is likely to aggravate the cash-flow problems of many already struggling businesses and could raise doubts about South Korea's international creditworthiness. Moreover, Chun has placed heavy emphasis on reducing corruption, and the scandal could damage his credibility, particularly among his backers in the military.// [redacted]

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SPECIAL ANALYSIS

NATO - WARSAW PACT: Prospects Bleak for MBFR Talks

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//Another round of the MBFR talks opens today in Vienna. The East is likely to restate previous positions and demand that the West agree to limit discussion of the size of Warsaw Pact forces and that it reduce its monitoring requirements in return for Eastern assent to a recent NATO initiative to facilitate progress in the talks. If the West offers a second initiative on force ceilings and reductions, now being discussed by NATO, the East almost certainly would demand major changes in it.// [redacted]

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//The draft accord introduced by the East in mid-February did not address such long deadlocked issues as disagreement over the size of Warsaw Pact ground force strength in Central Europe and the need for comprehensive measures to monitor troop reductions and ceilings. The Soviets know that NATO will continue to reject their draft, but they find it useful to probe Western willingness to make concessions on the data dispute and to restrict West German troop strength.// [redacted]

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//The Soviets probably will reject the West's call for the creation of working groups to evaluate the status of the negotiations and to resolve the Warsaw Pact troop data issue. The East has not responded to the Western offer of last July to provide NATO estimates of certain Soviet ground force elements in return for the Warsaw Pact's own figures for these forces. A Soviet negotiator claimed in March that Ustinov personally vetoed exchanging this kind of information.// [redacted]

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Western Initiative and Soviet Reaction

//NATO countries are discussing a new treaty proposal that may be made public next month. It calls for:

--Agreement on troop data before signing a pact that would set an overall ceiling for each alliance and separate subceilings for US and Soviet ground forces.

--Initial reductions of US ground units by 13,000 troops and of Soviet ground force divisions by 30,000 troops.

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--Comprehensive monitoring provisions.//

//Such a treaty probably would be no more acceptable to Moscow than earlier proposals. The Soviets have insisted that small US and Soviet troop reductions do not require prior agreement on ground force strength. An information exchange, Moscow contends, is possible after trust is established by the initial withdrawals. Moreover, the East will insist upon specific commitments to limit the West German contribution under a NATO troop ceiling.//

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Looking Ahead

//Significant concessions on either the data or the monitoring issue are unlikely. There is no sign that any top Soviet leader--especially at a time of presuccession maneuvering--would be prepared to argue for divulging information on Soviet forces. Moreover, the situation in Poland makes it more important to avoid monitoring provisions that might constrain Soviet military options.//

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//The Kremlin seems satisfied that the MBFR process serves its political purposes and feels little pressure to reach agreement soon. Only substantial Western concessions would cause the Warsaw Pact states to trim their advantage over NATO in Central Europe--now estimated to be 210,000 troops.//

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